

364

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INVESTIGATION OF RACKETEERING IN THE DETROIT AREA

JOINT SUBCOMMITTEE REPORT
OF
SPECIAL SUBCOMMITTEES
OF THE
COMMITTEE ON EDUCATION AND LABOR
AND THE
COMMITTEE ON GOVERNMENT OPERATIONS
PURSUANT TO
H. Res. 115 and H. Res. 5
EIGHTY-THIRD CONGRESS
SECOND SESSION



Printed for the use of the Committee on Education and Labor
and the Committee on Government Operations

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SPECIAL SUBCOMMITTEE TO INVESTIGATE FEDERAL-STATE COOPERATION IN ENFORCEMENT OF ANTIRACKETEERING LAWS AND THE LABOR-MANAGEMENT RELATIONS ACT, 1947, AND OTHER FEDERAL LABOR LEGISLATION

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324
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INVESTIGATION OF RACKETEERING IN THE DETROIT AREA

JOINT REPORT

The special subcommittees submit the following joint report to the Committee on Education and Labor and the Committee on Government Operations.

AUTHORITY AND PURPOSE

The Special Subcommittee on Strikes and Racketeering in the Detroit Area was established by the Committee on Education and Labor pursuant to House Resolution 115, 83d Congress, 1st session, a resolution authorizing the Committee on Education and Labor to conduct studies and investigations relating to matters within its jurisdiction.

The Committee on Education and Labor designated Wint Smith, chairman, and Clare E. Hoffman and Phil M. Landrum as members of their special subcommittee.

The Special Subcommittee to Investigate Federal-State Cooperation in Enforcement of Anti-Racketeering Laws and the Labor-Management Relations Act of 1947 and Other Federal Labor Legislation was established by action of the Committee on Government Operations on June 4, 1953.

This subcommittee was established to investigate Federal-State cooperation in the suppression of racketeering, to evaluate the effectiveness of the administration and enforcement of statutes to suppress racketeering, to determine whether the Anti-Racketeering Act of 1934, as amended, and the Federal statutes regulating interstate and foreign commerce were being fairly interpreted and adequately administered; to ascertain whether the interpretation, administration, and enforcement of the laws complied with the spirit and intent of Congress; and to determine whether additional legislation is necessary to bring about the objectives Congress had in mind when such were enacted.

The Committee on Government Operations designated Clare E. Hoffman, chairman, and George H. Bender and Robert L. Condon as members of their special subcommittee.

The hearing was held by these special subcommittees sitting jointly. By request of Mr. Hoffman, Mr. Wint Smith acted as chairman of the joint subcommittee.

The hearing was open to the public. It was held in Room 859 of the Federal Building at Detroit, Mich., on June 8, 11, 12, and 13, 1953. All witnesses were subpoenaed and all testimony was under oath.

BACKGROUND

The subcommittee had received numerous complaints from individuals who resided in and around Detroit, Mich., and who did busi-

ness placing coin-operated phonograph, cigarette, photograph, and game machines in various places in Detroit on either a stipulated or percentage rental basis, showing conclusively that there existed a gigantic, wicked conspiracy to, through the use of force, threats of force, and economic pressure, extort and collect millions of dollars not only from unorganized workers but from members of unions who are in good standing, from independent businessmen, and, on occasion, from the Federal Government itself.

These individuals alleged that William E. Bufalino, president of the service, drivers, and helpers division, local No. 985, affiliated with and a local of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, American Federation of Labor, had conspired and confederated with other members of the union for the purpose of creating a union monopoly in the above-mentioned business ventures, all in violation of Federal and State laws.

The monopoly was created by forcing the operators (owners and employers) of these ventures and/or their employees to join local No. 985 under the threat of bombing and picketing the establishments that do business with the complainants.

In addition to the threat of bombing and picketing, the teamsters union also warned the location owners that all teamsters union drivers and members of other locals of the AFL engaged in carrying supplies (beer, food, etc.), waitresses, and bartenders, would not be allowed to cross the picket line—a threat of secondary boycott.

The allegation was also made that the union demanded that self-employers (owner-operators), as differentiated from an employee, become members and pay monthly dues to the union. One of the requirements of membership in the union was that each employer-member must furnish to the union the name and address of all establishments with which he did business; the name and address of any establishment from which he intended to solicit new business, and obtain the union's permission to solicit this new business. The complainants further alleged that the union had conspired and confederated with so-called "fair haired" members of the union for the purpose of creating a monopoly in the coin-vending machine business in Wayne County, Mich., by permitting the "fair haired" boys to jump the locations of union members not in the "good graces" of the union.

"Jumping a location" is jargon of the trade meaning that by various devices one operator induces a location owner to replace his present machine with one of the new operator's machines.¹

The above-mentioned union was being used, not to advance the interests of labor, nor to protect labor in genuine labor disputes, but to advance the interests of a few owners and Bufalino-favored members of the union, at the expense of other union members and owners.

The complaint was made that though they had involuntarily become members of the teamsters' union to prevent their business from being ruined, a few competitors and fellow union members seemed to have a "Bufalino license" to jump their locations and steal their clients. The "Bufalino license" was referred to by the complainants as being an unorthodox and illegitimate operation of the teamsters union, local No. 985.

¹ Roy W. Clason (hearings, p. 23).

The perpetrators of this concerted action held high positions in organized labor. Not only did they have no concept of fair, decent treatment of other members of society and no regard for their duties and obligations to members of their own union organization, but they openly practiced extortion through use of force in utter disregard of State and Federal legislation.

These individuals are not truly labor leaders, but are racketeers who have infiltrated into the labor movement and deprived the average union member, who is a patriotic, well informed, independent American citizen, of his constitutional right to work. Union members are, in fact, being compelled to pay tribute to the racketeering labor bosses. The "bosses" forced employers, who are not eligible for membership under the Taft-Hartley Act, to become dues-paying members of the union.

ORGANIZATIONS INVOLVED IN CONTROVERSY

The principal organizations involved in the controversy are—

(1) Michigan Automatic Phonograph Owners Association, Inc.—Roy W. Clason, business manager, Detroit, Mich.

(2) Music Operators Guild of Michigan—A. Sirocuse, president, Detroit, Mich.

(3) Local 985, service, drivers and helpers division, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL—William E. Bufalino, president, Detroit, Mich.

The Michigan Automatic Phonograph Owners Association, Inc., was incorporated on January 9, 1945, in Detroit, Mich. It is comprised of individuals who own coin-operated music-vending machines, commonly known as jukeboxes.² The association is an organization based on the rendering of legal services to their members, furthering their best interests, and settling differences within the industry. It is wholly supported by dues paid by its members. The dues are based on 50 cents per month for each machine the member owns and operates. There was no competitive or similar association in existence until January 1953, when the Music Operators Guild of Michigan was incorporated.³

The Music Operators Guild of Michigan was incorporated on January 15, 1953, in Detroit, Mich. The purposes of the guild are to foster trade and commerce among all persons, firms, and corporations engaged in the musical appliance and affiliated businesses or enterprises, and to reform abuses and secure freedom from any unlawful, unjust, and inequitable transactions.⁴ This guild was formed principally by former charter members of the Michigan Automatic Phonograph Owners Association, Inc. They were considered to be uncooperative with association officials, to have enjoyed the friendship of teamsters union, local No. 985, and were referred to as "rebels" by their former associates.

The rebels were permitted to jump locations⁵ of their fellow associates through the help of a "Bufalino license," and, when called to

² Roy W. Clason (hearings, p. 22).

³ Roy W. Clason (hearings, p. 8).

⁴ Articles of incorporation, Music Operators Guild of Michigan (hearings, p. 4, exhibit 1).

⁵ Roy W. Clason (hearings, p. 23).

task by the association, made an effort to take over the Michigan Automatic Phonograph Owners Association, Inc. When this effort failed, they organized the Music Operators Guild of Michigan.

Local No. 985, service drivers and helpers division, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, American Federation of Labor, was organized on June 15, 1947, and has as its president William E. Bufalino. The membership consists of 400-450 members, who are automatic coin machine workers (operators or employees), who pay dues of \$20 per month, and car wash rack employees, whose dues are 10 cents per day, with a maximum of \$3 per month. The initiation fee is \$50 per member.

OPERATIONS OF TEAMSTERS UNION, LOCAL NO. 985

The teamsters union, local No. 985, through its president, William E. Bufalino, is the principal offender and perpetrator of the racketeering, extortion, and gangsterism which was disclosed by the hearings. The union attempted, and to some extent succeeded, in obtaining a monopoly in the "jukebox" business.⁶ Bufalino and the executive board of local No. 985 conspired and confederated to obtain this monopoly and used the union not to advance the interests of labor, nor to protect labor in genuine labor disputes, but to advance the interests of a favored few jukebox owners and operators at the expense of other owners and union members.⁷

One witness, a sales manager of a cigarette-vending company, testified that he had been a member of the teamsters union, local No. 985, since its beginning. During this time, 5 or 6 years, he had never received a request from the union to raise the wages of his employees, to improve the working conditions of his employees nor to reduce the hours of employment for his employees. In fact, he had never received any request from the union to take action beneficial to his employees. He testified his employees never attended the union meetings, as they were not interested because the union did nothing for them and that the payment of dues was in the form of a "tribute" rather than union dues.⁸

In an effort to carry out this conspiracy to create a monopoly, Bufalino forced certain members of the union in good standing out of the union, and then proceeded to picket establishments where their jukeboxes were located. He would first contact the owners of the establishments where the jukeboxes were located and demand that they be removed, at the same time suggesting that they be replaced by jukeboxes owned by his favored few. He would threaten the owners of the establishments, and indicate that if they did not comply with his demands a picket line would be established, and that no member of the teamsters union would cross the picket line to make deliveries of beer, food, etc. In instances where these methods were not successful, a few weeks later the locations would be bombed—this forced the owner to comply with Bufalino's demands.

The establishments not being able to withstand this type of racketeering were forced to either go out of business or capitulate. Numerous instances of this type of threat, extortion, and violence are set forth in more detail in this report under individual cases.

⁶ Roy W. Clason (hearings, p. 9).

⁷ Warren Ayres (hearings, pp. 110-111).

⁸ Warren Ayres (hearings, p. 111).

There was no labor dispute involved which led to this type of vicious operation on the part of Bufalino and his assistants. There was no attempt on his part to increase the wages of the members of the union, settle labor disputes between the union and the employers, or to give union members any benefits, but only a concerted effort to obtain a monopolistic control of the entire jukebox business in the metropolitan Detroit area.

Through these types of illegal operations Bufalino attempted to force out of the union, and in some cases succeeded in forcing out, any members who would not comply with his demands and wishes, and to take over the business formerly owned by these members and give it to his cohorts, all to the disadvantage of the former union members. The picketing, which was instigated by Bufalino, was designed to ruin the business of certain union members. It was not peaceful, but was accompanied by threats of ruin, by violence to the establishments picketed, if this was necessary to accomplish his objective.

Bufalino and his assistants were unable to obtain the complete cooperation of the Michigan Automatic Phonograph Owners Association, Inc., in their efforts to create a monopoly in the jukebox business. His friends, who were members of this association, attempted to seize control and, when they were unsuccessful in this venture, withdrew from the association and were the principal founders of the Music Operators Guild of Michigan. The guild has cooperated in all respects with the union.

The financial records of the union, local No. 985, were requested for the purpose of determining the disposition of the funds which had been extorted from the workingman. The committee was advised that the financial records of the union are destroyed at the close of each year.⁹ Thus, any attempt to ascertain who spent the moneys obtained by force and violence and why, by an examination of the union records, was successfully blocked.

LICENSED VIOLENCE—BOMBS AWAY

Several owner-operators of jukeboxes and coin-vending machines endeavored to renegotiate new contracts with the teamsters union, local No. 985, through its president, Bufalino. Testimony was given to the effect that their previous contract was illegal, as the old contract required the payment of \$20 dues for each employee per month by the employer to the union, in violation of the provisions of the Taft-Hartley Act and the Wage Stabilization Act.¹⁰ During the negotiations for a new contract, these owners, on advice of counsel, refused to continue paying dues to the teamsters union.

Subsequent to the refusal to continue paying dues to the union, the establishment of one of these owners was bombed during August 1952. The bombing caused considerable damage (\$4,000-\$5,000) to the establishment and to the cigarette-vending machines located therein.¹¹

Again, in January of 1953, the place of business of another one of these owners was bombed, resulting in serious damage to his building and his machines (\$5,500 damage).¹²

⁹ James R. Hoffa (hearings, pp. 293-304).

¹⁰ Warren Ayres (hearings, p. 105), William F. Emlg (hearings, pp. 228-231).

¹¹ Paul Gold (hearings, pp. 101, 103).

¹² Warren Ayres (hearings, p. 107).

At about the same time, two car-washing-machine companies were also bombed.¹³ This was during the time that the teamsters union, local No. 985, was attempting to organize and unionize the car-washing industry in Detroit, Mich.

It was the opinion of the owners and the persons testifying at the hearings that these bombings were instigated by Bufalino, or the teamsters union. Only one person was ever arrested as a suspect in the bombings by the Detroit police, and he was subsequently released for lack of evidence.¹⁴

After this series of bombings, the owners of the jukeboxes and coin-operated vending machines decided that discretion was the better part of valor, and started again paying their \$20 per month dues to the union for each of their employees. These payments were made involuntarily and through fear and intimidation. The owners were fearful that their places of business or their customers' places of business would be picketed and that other acts of violence on the part of the union would force them to liquidate their business.

During the period of negotiation for a new contract with Bufalino and local No. 985, other union companies with "Bufalino's blessing" were promiscuously jumping their locations. No new contract was ever negotiated with the union; the old one still prevails.¹⁵

Another owner who had been successful in competing with other jukebox companies suffered union retaliation in that the union advised establishments where he had jukebokes that he was no longer a union man, and that they would save themselves immeasurable trouble by replacing his machines with union machines. When the individuals in these locations refused to comply with the union demands, they received anonymous phone calls of threats of violence to their property, the result being that this owner lost many of his locations.¹⁶

This type of operation on the part of the union is illegal. It is aggravated in view of the fact that up to the time that this owner replaced other companies' jukeboxes with his own, he was a paid-up union member.¹⁷ The dispute between the owner and the union had no relation whatever to the question of wages, hours, or working conditions. The principal dispute was the outrageous and exorbitant dues which were demanded by the union, for which no benefits were received, and the denial of the rights of free enterprise, namely solicitation of new business. In effect, this was not the payment of union dues, but "tribute" to individuals who, under the mantle of unionism, were establishing a monopoly of the jukebox and car-wash industries.

A self-employer who operated 8 jukeboxes and had been a member of the teamsters union, local No. 985, for a period of 4 or 5 years, testified that at one time he was in arrears in his union dues. He testified that he received anonymous phone calls threatening damage to his jukeboxes, as well as the breaking of windows at his locations, if he did not immediately pay his dues.

A few days after receiving this call, individuals at his locations received personal visits from parties representing and identifying themselves to be union representatives. These union representatives

¹³ Roy W. Clason (hearings, pp. 27-28), Paul Gold (hearings, p. 101).

¹⁴ Paul Gold (hearings, pp. 101, 103).

¹⁵ Warren Ayres (hearings, p. 107).

¹⁶ Linden F. Bush (hearings, p. 193).

¹⁷ Linden F. Bush (hearings, pp. 193, 197).

threatened to break windows and jukeboxes if the location proprietors did not forcibly remove the machines which they declared to be non-union and replace them with union-company machines.

After this event took place, the owner-operator contacted the Detroit Police Department, who in turn advised him that they were powerless to take any action until some overt act of violence had been committed. He further testified to receiving a phone call from a person representing himself to be a teamsters union official, who threatened him in a scurrilous manner. The witness decided that, in order to stay out of trouble, he would have to pay up his past dues and reinstate himself in the "good graces" of the union. This was involuntarily done, but he indicated that he had no other recourse if he desired to stay in business.¹⁸

Each member of the teamsters union, local No. 985, is required to furnish the union with the names and addresses of all business establishments where his machines are located and to obtain "union permission" before he can solicit business at new locations.¹⁹ This device is utilized by the union to effectuate a monopoly in the jukebox industry, and allied coin-operated vending machines in the city of Detroit, Mich.

An owner of a jukebox company, during July of 1950, was called before a meeting of the teamsters union, and requested to remove 3 or 4 of his jukeboxes from locations he had previously acquired. He testified that he was so requested in order that other operators and fellow union members could place their jukeboxes in his locations.²⁰

At the time that he appeared before the board of the teamsters union, he was a paid-up union member and was not involved in any dispute with the union concerning wages, hours, or working conditions. Nevertheless, he was suspended from the union, and this suspension was based on his refusal to remove jukeboxes from his locations as requested by the union.

The owner added that Bufalino made the statement that local No. 985 controlled the coin-operated vending-machine business to the extent that he, Bufalino, had the last word as to where and with whom businessmen in the jukebox industry could operate.

When the witness refused to remove his jukeboxes and turn these locations over to three companies suggested by Bufalino, the business establishments where his jukeboxes were located were picketed to an extent that beer and food were not delivered, and picket lines were formed in front of these places of business.²¹

Thereafter, the witness instituted suit against local No. 985 and its officials on the grounds that Bufalino, the union, and members of the union, were conspiring and confederating for the purpose of establishing a monopoly in the jukebox business in Wayne County, Mich.

During the period of the suit, a cartage company, at the direction of Bufalino, picked up one of his machines and carried it away without his permission. The witness stated that another one of his machines was stolen, but that he subsequently reached an agreement, through his attorney, with the union, at which time a new machine was returned to him at the instigation of Vincent Meli, a brother-in-

¹⁸ Walter Szewczyk (hearings, pp. 124-129).

¹⁹ Roy W. Clason (hearings, p. 18), Henry C. Lemke (hearings, p. 141).

²⁰ William J. Patterson (hearings, pp. 85-86).

²¹ William J. Patterson (hearings, pp. 89-91).

law of Bufalino.²² One individual was subsequently apprehended for the theft of this machine, but was never prosecuted.

The substance of the agreement consisted of the witness' promise to pay all of his union dues, which were in arrears, and in return the union promised to replace his machines and honor his locations.

The witness strenuously objected to being forced to submitting names and addresses of the establishments with which he did business, and paying exorbitant dues in the amount of \$20 a month per employee to the union. He testified that he had no choice but to capitulate if he desired to remain in business.

Another owner and operator, who had been in business for 34 years, testified that his operation consists of coin-operated game and photograph machines. He, a member of the teamsters union, local No. 985, for over 2 years, was forced not only to pay dues for himself but also for his employees. In order to join the union he had to hire an attorney, who was friendly with the union officials, and pay a \$500 legal fee in addition to the \$25 initiation fee.²³

Membership in the union permitted him to place union stamps on his coin vending machines. In addition to union stickers, the union promised to maintain peace and harmony in the industry and to prohibit competitors from jumping his locations. The witness also testified that subsequent to joining the union he was forced to pay Vincent Meli \$500 to remove his machine from one of his locations.²⁴

Prior to making this payment, he complained to Bufalino about Meli jumping his locations, but Bufalino refused to help him, indicating that he would have to settle this matter with Meli. Vincent Meli is the owner of Meltone Music Co., of Detroit, Mich. His uncle, Angelo Meli, financed this jukebox business by loaning him \$30,000 to start the business. Angelo Meli is currently the subject of proceedings concerning cancellation of his naturalization. The Government's case is based on alleged illegal and fraudulent statements made by Angelo Meli in his application for naturalization.

The witness was also forced to sign a union contract which contained a clause providing for a 44-hour employee workweek, and when he complained that he could not afford a 44-hour week, Bufalino advised him that he could negotiate the hours with his employees and that he, Bufalino, would not enforce the 44-hour-week clause.

Approximately a year later, the witness testified, he was called to task by Bufalino and advised that the union was going to institute suit against him for the difference between the 44- and 52-hour workweek, which his employees had been working.

A local attorney, for a legal fee of \$500, again was successful in obtaining a release for the employer from his employees for their overtime claim.²⁵

The witness further testified that currently he is approximately 2 months arrears in his union dues and that he is particularly afraid of Bufalino, and fearful concerning his wife's and his own lives.²⁶

²² William J. Patterson (hearings, pp. 91-94).

²³ Henry C. Lemke (hearings, pp. 135-137).

²⁴ Henry C. Lemke (hearings, pp. 138-139).

²⁵ Henry C. Lemke (hearings, pp. 139-140).

²⁶ Henry C. Lemke (hearings, p. 141).

LOCAL LAW ENFORCEMENT—INACTION

The Wayne County prosecutor's office and the Detroit Police Department have taken no effective action with regard to any of the illegal actions on the part of the teamsters union or its officials. The reasons for this are many and varied, but they still amount to "inaction."

In one instance where a location window had actually been broken into by one of Bufalino's assistants, the Wayne County prosecutor refused to issue a warrant and the Detroit Police Department refused to do anything, saying it was a matter between the association and the union.²⁷

In connection with one of the bombings, the police department arrested one suspect, who was subsequently released. Their investigations were not energetic or thorough and they did not encourage an aggressive attitude on the part of the complainants.²⁸

In another case, where an operator's locations were threatened with acts of violence, the local authorities advised they could do nothing about mere threats, but that some damage or harm must take place before they would act.²⁹

In one instance, an inspector of the Detroit Police Department suggested to a complainant that he arm himself with a gun for his self-protection and even validated a permit to expedite his purchase of a gun. In other words, the police advised him to protect himself.³⁰

HOFFA INFLUENCE

Mr. James R. Hoffa is unquestionably the "teamster boss" in Detroit, as well as in many other areas. He is president of teamsters union, local No. 299; president of teamsters joint council 43; 10th vice president of the Teamsters International; secretary-treasurer of the Teamsters Temple Association; president of the Michigan Conference of Teamsters; chairman of the Southern Conference of Teamsters and the Midwest Conference of Teamsters; negotiating chairman for 23 States on highway and city transportation and Central States Drivers Council; chairman, Central States Conference; trustee, Central States Welfare Fund; and trustee for locals Nos. 247 and 614 of the teamsters union.

He has been described as the "brains" between this shakedown and power grab by Bufalino and his teamsters local No. 985. In any event, Bufalino could not have succeeded in gaining monopolistic control of the coin-vending business in Detroit without the cognizance and approval of Hoffa.

Hoffa is a dominant figure in the teamsters union and virtually a dictator in certain areas, despite the fact that he has been found guilty and convicted of violation of the Michigan State labor law and the Federal antitrust laws.³¹

In his testimony, Hoffa was contemptuous in that in three instances he refused to answer questions propounded by the committee which

²⁷ Harry S. Toy (hearings, p. 38).

²⁸ Paul Gold (hearings, p. 101).

²⁹ Walter Szewczyk (hearings, p. 126).

³⁰ William F. Emlg (hearings, p. 232).

³¹ James R. Hoffa (hearings, pp. 311-313).

were pertinent to the inquiry. The transcript on pages 302 and 303 indicates that Hoffa was questioned as to whether his wife was ever carried on the payroll of the union and he refused to answer on advice of counsel, alleging that the question was improper, not material or pertinent to the inquiry.³²

Again, as set forth on pages 305 and 306 of the transcript, Hoffa was requested to name all the business organizations, proprietorships, partnerships, or corporations in which he had a financial interest. On advice of counsel, he refused to answer on identical grounds.³³

Pages 306 and 307 of the transcript reflects that Hoffa was questioned concerning his interest in the Test Fleet Corp. Hoffa again refused to answer on the same grounds, that this question was improper, not material or pertinent to the inquiry.³⁴

According to Hoffa's testimony, all financial records of teamsters union, local No. 299, of which he is president, are destroyed each year. His authority for the destruction of records, he claimed, is provided for in the Teamsters International constitution. Hoffa stated that the international constitution permits the joint council to make their own bylaws. Joint council No. 43, of which Hoffa is president, has jurisdiction over his local No. 299 and he claimed the joint council issued directions to the locals to destroy their records each year. This was done to save storage space, according to Hoffa's testimony.³⁵

Internal Revenue Regulations, Treasury Decision 5381 and amendment to section 29.5401, regulation 3, reads as follows:

The books of record required by this section shall be kept at all times available for inspection by internal-revenue officers and shall be retained so long as the contents thereof may become material in the administration of any internal-revenue law.

RESULTING LOCAL ENFORCEMENT ACTION

Incidental to the hearings; the purposes of which were to investigate Federal and State cooperation in the suppression of racketeering, to evaluate the effectiveness of the administration and enforcement of statutes to suppress racketeering, to determine whether the Anti-Racketeering Act of 1934, as amended, and the Federal statutes regulating interstate and foreign commerce were being fairly interpreted and adequately administered; to ascertain whether the interpretation, administration, and enforcement of the laws complied with the spirit and intent of Congress; and to determine whether additional legislation is necessary to bring about the objectives Congress had in mind when such legislation was enacted; but as a result thereof, the local authorities instituted corrective action against some of the extortionists, gangsters, and perpetrators of violence.

As a result of their action, 12 individuals, including Bufalino, were indicted for extortion and conspiracy to extort, conspiracy to obtain money and property under false pretenses, conspiracy to molest certain persons in their occupation, and conspiracy to force certain persons to become members of a labor organization.

³² James R. Hoffa (hearings, pp. 302-303).

³³ James R. Hoffa (hearings, pp. 305-306).

³⁴ James R. Hoffa (hearings, pp. 306-307).

³⁵ James R. Hoffa (hearings, pp. 293-304).

Hoffa, who has the authority and power to remove or suspend Bufalino as president of one of the teamsters union locals, has remained inactive, but not silent. Hoffa has indicated that he intends to take no action toward removing Bufalino unless he is convicted.

CONCLUSION AND RECOMMENDATIONS

A review of the hearings indicate clearly that there exists in Detroit, Mich., a situation which is injurious to the rank and file union member. If the situation is permitted to continue to exist and spread, as it no doubt will unless corrective action is taken, it could well mean the destruction of the labor movement itself, and result in great hardships to workers and the disrupting of the economic life of the country. Immediate steps must be taken to avert this trend of extortion, gangsterism, and dictatorship by a few selfish and power-lustful racketeers who are operating under the guise of being labor leaders.

The following recommendations are submitted with a view of rectifying and eliminating the continuation of the atrocious situation which was disclosed as a result of the hearing:

(1) That copies of the official transcript of the proceedings and the accompanying report thereto, be furnished the Attorney General of the United States, the United States attorney at Detroit, Mich., and the district attorney at Detroit, Mich.;

(2) That those officials initiate appropriate action to secure grand jury investigations of those phases of the hearings which reflect possible violations of Federal and State laws;

(3) That those officials be invited to report to the House Committee on Education and Labor and to the House Committee on Government Operations and to the House Committee on the Judiciary their findings;

(4) That consideration be given by the full Committee on Education and Labor and the Committee on Government Operations to citing James R. Hoffa for contempt in three instances;

(5) That additional investigation and hearings be held to further develop the racketeering which exists in labor activities; and

(6) That the hearing record be further examined by the Committee on Education and Labor for evidence of the manner in which Federal statutes could and should be amended to prohibit the continuation of this type of operation and to insure that the intent of Congress when they enacted the Labor-Management Relations Act of 1947 is not being disregarded.

WINT SMITH, *Joint Chairman.*

CLARE E. HOFFMAN.

GEORGE H. BENDER.

PHIL M. LANDRUM.

ADDITIONAL VIEWS BY ROBERT L. CONDON, OF SUBCOMMITTEE OF GOVERNMENT OPERA- TIONS

As is stated in the majority report, hearings were held in Detroit, Mich., on June 8, 11, 12, and 13, 1953. The hearings were concerned primarily with the problems existing in that area relating to jukeboxes and coin vending machine operators. During the hearings, I expressed the opinion that I did not see where the Federal Government had authority to legislate on what seemed to me to be a matter of local jurisdiction in its entirety. There have been many expressions recently made that the Federal power is invading matters of local concern and that more and more business and human relationships should be entirely surrendered to the sovereignty of the States. I do not wholeheartedly subscribe to the views of these spokesmen of States rights, but it seems obvious that if a situation exists in a community upon which the Federal Government cannot constitutionally legislate, then I do not believe the Federal Government should spend its time, and the taxpayers' money, to investigate. I am not hereby maintaining that the power to investigate on the Federal level is as narrow as the power to legislate. On the other hand, I do maintain that where a situation exists in which it must be conceded there is no power to legislate then I think Federal investigations serve no useful function.

Labor racketeering in industries affecting commerce is undoubtedly within the scope of the Federal power. Labor racketeering in an industry which does not affect commerce, such as the jukebox and coin vending machine business, which can only have a remote effect on commerce are not within the scope of Federal jurisdiction. The attorneys for the union involved challenged the jurisdiction of the subcommittee on the grounds, among others, that the industry was not subject to the control of the Federal administration. The attorney for some of the individuals who testified stated that he thought the Federal power under the commerce clause did apply. It was significant, however, that at no time did anyone file any charges under the Labor-Management Relations Act of 1947, and apparently no complaints were made to the United States attorney or Department of Justice relating to any of the activities which were developed as a result of testimony before the committee.

I am not condoning and do not condone hoodlumism, acts of violence, extortion, or other crimes that may be committed by members of trade unions and by other citizens of the United States, nor do I believe that such activities are widespread. I do not believe, moreover, that it is the function, or should be the function, of the Federal Government to take over local police powers unless it can be shown that some rights secured under the Federal Constitution are clearly being violated. Such a showing, in my opinion, was not made in con-

nection with the hearings in Detroit. Indeed, part of the recommendations of the majority relate to further procedures and possible criminal actions under the laws of the State of Michigan. It is my understanding that the State of Michigan has in fact taken action under local law against some of the persons named in the hearings. This, I think, is proper and I think the whole matter can, and should, be resolved by the officials of the city of Detroit, of Wayne County, and of the State of Michigan.

I cannot join in the conclusions and recommendations of the majority for another reason. On January 20, 1954, the Committee on Government Operations, by a majority vote, referred to the Subcommittee on Public Accounts, headed by Hon. George Bender, a resolution to investigate labor racketeering insofar as it affects Federal power. Mr. Bender was a member of the subcommittee which held the Detroit hearings and is fully apprised of the testimony therein taken. His committee has been given full jurisdiction over such activities insofar as the Federal power attaches. My recommendation would therefore be that the transcript and information obtained during the investigation be referred to this subcommittee for whatever action within the Federal jurisdiction his subcommittee deems necessary.

Respectfully submitted.

ROBERT L. CONDON, *(signed)*
Member of Congress.

FEBRUARY 12, 1954.

ADDITIONAL VIEWS OF CLARE E. HOFFMAN

In the additional views filed by the gentleman from California, Hon. Robert L. Condon, he again, as he did at the hearings, questions the jurisdiction of the Committee on Government Operations. He writes:

* * * It seems obvious that if a situation exists in a community upon which the Federal Government cannot constitutionally legislate then I do not believe the Federal Government should spend its time, and the taxpayers' money, to investigate.

I agree that if the Federal Government has no interest in and cannot legislate to correct, a harmful situation, congressional investigations might not be proper, but where citizens are being deprived of their right to earn a livelihood, of their property; are being compelled by an organization and individuals operating in more than one State to pay tribute to an organization not authorized to collect funds from citizens, and where individuals or groups are acting in direct violation of the Anti-Racketeering Act of 1934, as amended, it is obvious that the Federal Government can and should enact legislation to protect its citizens.

Beyond question, it is within the authority, and then becomes the duty, of congressional committees to obtain the necessary information to enable the Congress to legislate wisely.

Apparently, my colleague has a short memory for, in the next sentence, contradicting himself, he writes:

I am not hereby maintaining that the power to investigate on the Federal level is as narrow as the power to legislate.

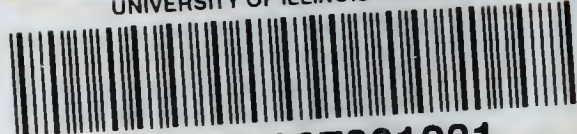
Historically and in court decisions, there is ample proof that each committee had authority to compel the giving of the information it sought.

Respectfully submitted.

CLARE E. HOFFMAN.

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